

November 9, 2010

**THE DISCLOSURE DEPARTMENT**  
4/F The Philippine Stock Exchange, Inc.  
PSE Center, Exchange Road  
Ortigas Center, Pasig City

**Attention: MS. JANET A. ENCARNACION**  
*Head, Disclosure Department*

Dear Ma'am:

Please find enclosed SEC Form 17-Q of BDO Leasing and Finance, Inc., for the quarter ended September 30, 2010.

Thank you very much.

Very truly yours,



**ATTY. SERGIO M. CENIZA**  
AVP/Compliance Officer

BDO Leasing & Finance, Inc.  
BDO Leasing Center  
Corinthian Gardens, Ortigas Avenue  
Quezon City, Philippines  
Tel: +63(2) 635 6416  
Fax: +63(2) 635 5811, 635 5805, 635 3886



111082010000451



## SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

### Barcode Page

The following document has been received:

**Receiving Officer/Encoder** : Edmundo Guia  
**Receiving Branch** : SEC Head Office  
**Receipt Date and Time** : November 08, 2010 01:57:19 PM  
**Received From** : Head Office

### Company Representative

---

Doc Source

### Company Information

---

**SEC Registration No.** 0000097869  
**Company Name** BDO LEASING AND FINANCE, INC.  
**Industry Classification**  
**Company Type** Stock Corporation

### Document Information

---

**Document ID** 111082010000451  
**Document Type** 17-Q (FORM 11-Q: QUARTERLY REPORT/FS)  
**Document Code** 17-Q  
**Period Covered** September 30, 2010  
**No. of Days Late** 0  
**Department** CFD  
**Remarks**

# COVER SHEET

0 9 7 8 6 9  
S.E.C. Registration Number

B D O L E A S I N G A N D F I N A N C E , I N C .  
A N D S U B S I D I A R Y  
.  
.  
.  
.

( Company's Full Name )

B D O L E A S I N G C E N T R E , C O R I N T H I A N  
G A R D E N S O R T I G A S A V E . Q . C . M . M .

( Business Address : No. Street City / Town / Provinces

ROBERTO E. LAPID  
Contact Person

635-64-16  
Company Telephone Number

1 2 3 1  
Month Day  
Fiscal Year

SEC FORM 17-Q  
FORM TYPE

any day in April of every  
year as determined by the  
BOD  
Annual Meeting

n/a

Secondary License Type, If Applicable

C F D  
Dept. Requiring this Doc

Amended Articles Number / Sec.

1,250  
Total No. of Stockholders

Total Amount of Borrowings  
PhP 7,508,822,906.22  
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended September 30, 2010
2. Commission identification number 097869 3.BIR Tax Identification No. 000-486-050-000
4. BDO LEASING & FINANCE, INC.  
Exact name of issuer as specified in its charter
- Philippines
5. Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code:  (SEC Use Only)
7. BDO Leasing Centre, Corinthian Gardens, Ortigas Ave., O. C. 1100  
Address of issuer's principal office Postal Code
8. 632/ 635-64-16, 635-58-11, 635-58-05, 635-38-98  
Issuer's telephone number, including area code
9. N/A  
Former name, former address and former fiscal year, if changed since last report
- N/A
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class

Number of shares of common  
stock outstanding and amount  
of debt outstanding

Common Stock, P1.00 par value

2,162,475,312 / P 7,508,822,906.22

11. Are any or all of the securities listed on a Stock Exchange?

Yes [  ] No [  ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange, Inc.

Common stock

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a) – 1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes  No

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes  No

## **PART I--FINANCIAL INFORMATION**

### **Item 1. FINANCIAL STATEMENTS**

The company follows the generally accepted accounting principles in the preparation of its interim financial statements. Also, the accounting policies and methods of computation used in the audited financial statements as of and for the year ended December 31, 2009 were consistently applied in the interim financial reports.

Accounting transactions emanating from a financing company are constant in nature. Interim operation does not change a lot if compared to a previous interim cycle.

### **Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

#### **September 2010 Compared to September 2009**

Gross revenues as of the third quarter of 2010 amounted to P1.583 billion, an increase of 1.73% from P1.556 billion in the same period last year. Interest, discounts, rent and service fees, which represent 91.6% of gross revenues, declined by 2.24% to P1.450 billion in 2010, from P1.483 billion last year. This was primarily due to the net impact of the increase in lease and loan portfolio income of P158 million and decrease in rental income of BDORI amounting to P146.0 million. Other income increased by 81.99% mainly due to dividend income from investments in SMC preferred shares.

Total expenses increased to P1.287 billion from last year's P1.278 billion or by P9.8 million.

Interest and financing charges amounting to P248.9 million, consisting of financing charges on borrowings for P217.6 million and interest expense on leased deposits for P31.3 million. Financing charges on borrowings increased by P54.3 million compared with September 2009's P163.3 million due to the increase in Bills Payable from P3.7 billion in September, 2009 to P7.5 billion in September 2010, primarily to fund business growth.

Salaries and employee benefits expense increased to P99.3 million in 2010 as compared to P92.9 million in 2009 due to salary adjustments, commutation of unutilized leave credits and other employee-related benefits. Occupancy and equipment related expenses for the three quarters ended of 2010 amounted to P728.5 million, a decrease of P78.6 million from 2009's P807.1 million. This is primarily due to the decrease in depreciation on leased assets of BDO Rental, Inc. amounting to P91.0 million.

Total provision for credit losses is up by P30.0 million, from P45.0 million in 2009 to P75.0 million in 2010.

Taxes and licenses expenses showed an increment of P15.5 million, to P84.4 million as of the current period. This is mainly due to a P10.3 million increase in DST expense from last year's P17.9 million balance as a result of additional CP's issuances in 2010.

Litigation/assets acquired expenses showed a minimal increment of P0.3 million from P17.7 million in 2009 to P18.0 million in 2010.

Other expenses totaling P23.4 million is an increase of 26.5% from P18.5 million in 2009, primarily incurred for the company's normal business operations.

The Company registered a net income of P222.3 million for the 9 months ended September, 2010, an increase of P36.8 million compared to last year's P185.5 million. Gross profit margin was at 38.70% as compared with 37.60% in 2009.

Total assets stood at P14.8 billion, an increment of P4.1 billion compared with September, 2009's P10.7 billion. This is mainly due to the net increase in the volume of loan and lease receivable by P3.3 billion. Available-for-sale Investments increased by P1.3 billion representing the company's investment in SMC preferred shares.

Property, Plant and Equipment went down by P808.4 million arising from depreciation.

Other assets rose to P295.0 million against 2009's P207.0 million mainly arising from increases of P22.0 million in accrued interest receivable, P24.0 million in dividends receivable and P39.2 million in prepaid CWT.

Bills Payable increased from P3.7 billion in 2009 to P7.5 billion in 2010 primarily to fund increased volume.

Accounts Payable, Accrued Interest and Other Liabilities increased by P9.0 million due to a P10.6 million increase in accrued other expenses payable mainly due to increase in employee-related benefits & bonuses in 2010.

Lease deposits increased from P2.280 billion in 2009 to P2.578 billion in 2010, arising from increased loans booked.

Stockholders' equity stood at P4.489 billion as of September, 2010.

The Company's five (5) key performance indicators are the following:

	September 2010	September 2009
Current Ratio	0.52 : 1	0.79 : 1
Quick Assets Ratio	0.50 : 1	0.77 : 1
Debt to Equity Ratio	2.30 : 1	1.34 : 1
Return on Equity Ratio	6.60%	5.40%
Net Profit Margin	14.04%	11.92%

Formulas used:

Current ratio	=	Current Assets over Current Liabilities
Net profit margin	=	Net income over Gross Revenues
Debt to equity	=	Total liabilities over Total Stockholders' Equity
Return on equity	=	Annualized Net income over Total Stockholders' Equity
Quick assets ratio	=	Quick assets over Current Liabilities
Gross profit margin	=	Total operating income less interest & financing charges less depreciation on leased assets over total operating income

### **Commitments and Contingencies**

In the ordinary course of business, the company may incur contingent liabilities and commitments such as guarantees and pending litigation arising from normal business transactions which are not shown in the accompanying financial statements. Management does not anticipate significant losses from these commitments and contingencies that would adversely affect the company's operations.

### **Economic Events**

Management is continuously evaluating the current business climate and the impact of the economic events on the present operations of the company. As the need arises, the company will recognize related effects in the ensuing financial statements.

## **Risk Factors**

We assessed the financial risk exposure of the company and subsidiaries particularly on currency, interest, credit, market and liquidity risks. There were no changes that would materially affect the financial condition and results of operation of the company.

Risk management of the company's credit risks, market risks, liquidity risks, and operational risks is an essential part of the Company's organizational structure and philosophy. The risk management process is essentially a top-down process that emanates from the Board of Directors. The Board approves the overall institutional tolerance for risk, including risk policies and risk Philosophy of the Company.

## **Plans for the Next Quarter**

- The thrust of the company is to continue to tap the large corporate accounts of BDO Parent but we will continue to extensively market our products, especially on BDO Leasing & Finance's branches, and also use the extensive network of branches of BDO Unibank, Inc. to boost our business volume.
- We will look for other fixed-term sources of funds to match our medium-term loans and leases.
- We will apply for an increase in our STCP License with Securities and Exchange Commission.
- We will maximize the issuance of our short-term commercial paper license to lower funding costs.
- Control over operating expenses shall also be continuously pursued to ensure that these remain at a level which is compatible with the level of volume bookings.
- We will continue to enhance our IT system to fully address the requirements of new accounting standards as well as the loans systems (ICBS) of our Parent Bank. This is in coordination with our Parent Bank's Information Technology group.

## **PART II--OTHER INFORMATION**

Nothing to report.



**BDO LEASING & FINANCE, INC. AND SUBSIDIARY**  
**(A Subsidiary of BDO Unibank, Inc.)**

**BALANCE SHEETS**  
**(in millions)**

	September 30 2010	(Audited) December 31, 2009	September 30 2009
<b>ASSETS</b>			
Cash and Cash Equivalents	299.4	232.4	122.7
Available-for-Sale Investments - at market	1,270.4	1,300.9	1.1
<b>Finance Lease Receivables</b>			
Finance lease receivables	4,716.7	3,395.1	3,427.8
Residual value of leased assets	2,202.6	1,919.6	1,904.3
Unearned lease income	(713.7)	(554.4)	(557.0)
Allowance for credit losses	-	-	-
	<u>6,205.6</u>	<u>4,760.3</u>	<u>4,775.1</u>
<b>Loans and Receivables Financed</b>			
Loans and receivables financed	7,185.0	6,078.0	4,036.9
Unearned finance income	(1,785.9)	(1,466.1)	(613.7)
Allowance for credit losses	(227.0)	(175.6)	(126.1)
Clients' Equity	(118.8)	(137.4)	(146.6)
	<u>5,053.3</u>	<u>4,298.9</u>	<u>3,150.5</u>
Property, Plant and Equipment - net	906.6	1,452.5	1,715.0
Investment Properties - net	761.1	767.0	752.2
Other Assets - net	295.0	240.1	207.0
	<u>14,791.4</u>	<u>13,052.1</u>	<u>10,723.6</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Bills Payable	7,508.8	6,143.0	3,652.6
Accounts Payable, Accrued Interest and Other Liabilities	215.6	232.4	206.6
Lease Deposits	2,578.1	2,301.9	2,279.7
	<u>10,302.5</u>	<u>8,677.3</u>	<u>6,138.9</u>
<b>Stockholders' Equity</b>			
Capital Stock	2,225.2	2,225.2	2,225.2
Additional Paid-in Capital	571.1	571.1	571.1
Retained Earnings	1,774.7	1,660.6	1,870.5
Unrealized loss on available-for-sale investments	(0.3)	(0.3)	(0.3)
Treasury Stock	(81.8)	(81.8)	(81.8)
	<u>4,488.9</u>	<u>4,374.8</u>	<u>4,584.7</u>
	<u>14,791.4</u>	<u>13,052.1</u>	<u>10,723.6</u>

**BDO LEASING & FINANCE, INC. AND SUBSIDIARY**  
**(A Subsidiary of BDO Unibank, Inc.)**  
**STATEMENTS OF INCOME**  
(in millions)

<b>For the nine months ended</b>	<b>September 30</b>	<b>September 30</b>
	<b>2010</b>	<b>2009</b>
<b>INCOME</b>		
Interest and discounts, rent and service fees	1,449.5	1,482.7
Other income	133.4	73.3
	<u>1,582.9</u>	<u>1,556.0</u>
<b>EXPENSES</b>		
Interest and financing charges	248.9	218.4
Taxes and licenses	84.4	69.0
Provision for impairment and credit losses	75.0	45.0
Compensation and fringe benefits	99.3	92.9
Occupancy and equipment-related expenses	728.5	807.1
Traveling expenses	1.7	4.9
Fuel and lubricants	0.7	1.8
Entertainment, Amusement and Recreation	7.6	2.4
Litigation/assets acquired expenses	18.0	17.7
Others	23.4	18.5
	<u>1,287.5</u>	<u>1,277.7</u>
<b>INCOME BEFORE INCOME TAX</b>	295.4	278.3
<b>PROVISION FOR INCOME TAX</b>	73.1	92.8
<b>NET INCOME</b>	<u>222.3</u>	<u>185.5</u>
<b>BASIC EARNINGS PER SHARE**</b>	<u>0.10</u>	<u>0.09</u>
<b>DILUTED EARNINGS PER SHARE**</b>	<u>0.10</u>	<u>0.09</u>

\*\* NET INCOME DIVIDED BY THE TOTAL NUMBER OF OUTSTANDING SHARES AS OF THE CUT-OFF DATE:

NET INCOME	222	186
DIVIDED BY OUTSTANDING SHARES	2,163	2,163
EPS(Basic and Diluted)	0.10	0.09

**BDO LEASING & FINANCE, INC. AND SUBSIDIARY**  
**(A Subsidiary of BDO Unibank, Inc.)**  
**STATEMENTS OF INCOME**  
(in millions)

<b>For the three months ended</b>	<b>September 30</b>	
	<b>2010</b>	<b>2009</b>
<b>INCOME</b>		
Interest and discounts, rent and service fees	429.9	511.7
Other income	40.5	27.2
	<u>470.4</u>	<u>538.9</u>
<b>EXPENSES</b>		
Interest and financing charges	85.7	60.7
Taxes and licenses	38.5	24.0
Provision for impairment and credit losses	10.0	15.0
Compensation and fringe benefits	30.5	32.9
Occupancy and equipment-related expenses	182.3	290.8
Traveling expenses	0.5	1.8
Fuel and lubricants	0.3	0.6
Entertainment, Amusement and Recreation	2.8	1.0
Litigation/assets acquired expenses	8.4	5.7
Others	7.6	6.5
	<u>366.6</u>	<u>439.0</u>
<b>INCOME BEFORE INCOME TAX</b>	103.8	99.9
<b>PROVISION FOR INCOME TAX</b>	25.8	32.0
<b>NET INCOME</b>	<u>78.0</u>	<u>67.9</u>
<b>BASIC EARNINGS PER SHARE**</b>	<u>0.04</u>	<u>0.03</u>
<b>DILUTED EARNINGS PER SHARE**</b>	<u>0.04</u>	<u>0.03</u>

\*\* NET INCOME DIVIDED BY THE TOTAL NUMBER OF OUTSTANDING SHARES AS OF THE CUT-OFF DATE:

NET INCOME	78	68
DIVIDED BY OUTSTANDING SHARES	2,163	2,163
EPS(Basic and Diluted)	0.04	0.03

**BDO LEASING AND FINANCE, INC. AND SUBSIDIARY**  
**(A Subsidiary of BDO Unibank, Inc.)**  
**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**(in millions)**

For the Nine Months Ended September 30

	2010	2009
<b>CAPITAL STOCK</b>		
Preferred - P100 par value		
Authorized and unissued - 200,000 shares		
Common - P1 par value		
Authorized - 3,400,000,000 shares		
Issued - 2,225,169,030 shares	2,225.2	2,225.2
Treasury Stock (62,693,718 shares)	(81.8)	(81.8)
<b>ADDITIONAL PAID-IN CAPITAL</b>	571.1	571.1
<b>RETAINED EARNINGS</b>		
Balance at beginning of the year	1,660.5	1,793.1
Net income	222.3	185.5
Cash dividends issued	(108.1)	(108.1)
Balance at end of nine months	1,774.7	1,870.5
<b>Unrealized loss on available-for-sale investments</b>	(0.3)	(0.3)
	4,488.9	4,584.7

**BDO LEASING AND FINANCE, INC. AND SUBSIDIARY**  
**(A Subsidiary of BDO Unibank, Inc.)**  
**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**(in millions)**

For the Three Months Ended September 30

	2010	2009
<b>CAPITAL STOCK</b>		
Preferred - P100 par value		
Authorized and unissued - 200,000 shares		
Common - P1 par value		
Authorized - 3,400,000,000 shares		
Issued - 2,225,169,030 shares	2,225.2	2,225.2
Treasury Stock (62,693,718 shares)	(81.8)	(81.8)
<b>ADDITIONAL PAID-IN CAPITAL</b>	571.1	571.1
<b>RETAINED EARNINGS</b>		
Balance at beginning of the quarter	1,696.7	1,910.7
Net income	78.0	67.9
Cash dividends issued	-	(108.1)
Balance at end of three months	1,774.7	1,870.5
<b>Unrealized loss on available-for-sale investments</b>	(0.3)	(0.3)
	4,488.9	4,584.7

**BDO LEASING AND FINANCE, INC. AND SUBSIDIARY**  
**(A Subsidiary of BDO Unibank, Inc.)**  
**STATEMENTS OF CASH FLOWS**

**For the nine months ended**

	<b>September 30,</b>	
	<b>2010</b>	<b>2009</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	295,358,253	278,357,419
Adjustments to reconcile income before income tax to net cash provided by (used in) operations: +		
Provision for probable losses	75,000,000	45,000,000
Depreciation and amortization	698,344,711	784,252,948
Loss/(Gain) on sale of property and equipment	(591,638)	(11,432,190)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Finance-lease receivables and loans and receivables financed	(2,274,709,256)	(277,630,341)
Other assets	(32,020,712)	(90,952,808)
Increase (decrease) in:		
Accounts payable, accrued interest and other liabilities	8,657,179	(17,310,759)
Lease Deposits	276,105,946	254,425,016
Net cash generated from ( used in ) operations	(953,855,517)	964,709,285
Income taxes paid	(115,696,762)	(67,490,049)
Net cash provided by ( used in ) operating activities	(1,069,552,279)	897,219,236
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net disposal (acquisition) of investment properties	9,689,117	(1,603,377)
Net acquisitions of property and equipment	(135,153,623)	(822,022,769)
Net cash used in investing activities	(125,464,506)	(823,626,146)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Acquisition of Treasury Stocks	-	-
Payment of cash dividend	(108,123,765)	(108,123,765)
Net avallments (payments) of bills payable	1,370,153,144	(28,937,313)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>67,012,594</b>	<b>(63,467,988)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>232,366,329</b>	<b>186,128,464</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>299,378,923</b>	<b>122,660,476</b>

**BDO LEASING AND FINANCE, INC. AND SUBSIDIARY**  
**(A Subsidiary of BDO Unibank, Inc.)**  
**STATEMENTS OF CASH FLOWS**

**For the three months ended**

	<b>September 30,</b>	
	<b>2010</b>	<b>2009</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	103,673,976	99,972,727
Adjustments to reconcile income before income tax to net cash provided by (used in) operations:	-	-
Provision for probable losses	10,000,000	15,000,000
Depreciation and amortization	173,014,453	283,856,087
Loss/(Gain) on sale of property and equipment	(261,005)	(360,523)
Changes in operating assets and liabilities:	-	-
Decrease (increase) in:	-	-
Finance lease receivables and loans and receivables financed	(323,762,290)	(498,808,028)
Other assets	(22,736,660)	6,235,334
Increase (decrease) in:	-	-
Accounts payable, accrued interest and other liabilities	(90,568,813)	(4,031,435)
Lease Deposits	106,705,493	106,198,450
Net cash generated from ( used in ) operations	(43,934,846)	8,062,612
Income taxes paid	(7,291,784)	(20,357,651)
Net cash provided by ( used in ) operating activities	(51,226,630)	(12,295,039)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net (acquisition) of investment properties	342,580	7,789,571
Net acquisitions of property and equipment	(71,311,939)	(31,475,652)
Net cash used in investing activities	(70,969,359)	(23,686,081)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Acquisition of Treasury Stocks	-	-
Payment of cash dividend	1	(108,123,765)
Net (payments) of bills payable	(77,793,239)	(200,069,957)
Net cash provided by (used in) financing activities	(77,793,238)	(308,193,722)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		
	(199,989,227)	(344,174,842)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE QUARTER</b>		
	499,368,150	466,835,318
<b>CASH AND CASH EQUIVALENTS AT END OF QUARTER</b>		
	299,378,923	122,660,476

**BDO LEASING AND FINANCE INC.**  
**AGING OF LOAN PORTFOLIO**  
**As of September 30, 2010**  
(in thousand)

Account	Total	1 Month	Over 1 Mos. to 3 Mos.	Over 3 Mos. to 6 Mos.	Over 6 Mos. to 1 Yr.	Over 1 Yr. to 3 Yrs.	3 to 5 yrs.	Over 5 Yrs.	Past Due & Litigation
Factored Receivable	565,632	-	538,225	-	-	-	-	-	27,407
Receivables Purchased	10,708	-	-	-	-	-	-	-	10,708
Installment Paper Purchased	389,671	43,256	64,142	78,383	94,702	103,274	507	-	5,407
Amortized Commercial Loans	5,981,193	112,801	191,289	308,600	530,375	1,541,701	1,409,924	1,601,498	285,005
Amortized Consumer Loans	207,150	11,568	20,423	31,722	35,920	61,331	13,956	336	31,894
Lease Contract Receivables	6,919,285	489,637	378,045	668,492	1,148,666	2,884,779	910,865	60,431	378,350
Floor Stock Financing	2,874,207	27,850	2,846,357	-	-	-	-	-	-
Personal Loans Programs	1	-	-	-	-	-	-	-	1
	16,947,827	685,112	4,036,481	1,087,197	1,809,663	4,591,085	2,335,252	1,662,265	738,772

Less: Allowance For Credit losses 226,970

Finance Receivables - Net 16,720,857



**BDO LEASING & FINANCE, INC. AND SUBSIDIARY  
SEGMENT INFORMATION  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010  
(In millions)**

	Leasing	Financing	Others	Total
Gross income	1,008.6	434.8	6.1	1,449.5
Segment revenues	1,008.6	434.8	6.1	1,449.5
Segment expenses	895.9	386.2	5.4	1,287.5
Segment results	112.7	48.6	0.7	162.0
Income tax expense				73.1
Net Income				88.9
Segment assets - net	6,205.6	5,053.3		11,258.9
Unallocated assets				3,532.5
Total Assets				14,791.4
Segment liabilities	2,072.3	2,858.4		4,930.7
Unallocated liabilities				5,371.8
Total Liabilities				10,302.5

Segment expenses are allocated on the basis of gross income.

Net segment assets are comprised of the following:

	Leasing	Financing
Receivables	4,717	7,185
Residual value of leased assets	2,203	-
Unearned income	6,919	7,185
Allowance for probable losses	(714)	(1,786)
Clients' equity	-	(227)
	-	(119)
	6,206	5,053

Bills payable amounting to P7.5 billion is allocated between the leasing and financing segments based on net-to-close balances of receivables of these segments as of September 30, 2010. Lease deposits amounting to P2.6 billion as of September 30, 2010 is included in the leasing segment.

The products under the leasing segment are the following:

- \* Direct leases; and
- \* Sale-and-leaseback arrangements

The products under the financing segment are the following:

- \* Amortized commercial loans;
- \* Amortized retail loans;
- \* Floor Stock Financing;
- \* Installment paper purchases;
- \* Discounting of receivables; and
- \* Factoring of receivables

The Company's products and services are marketed by its Head Office in Metro Manila and its 8 branches.

**Explanation for each information where disclosure of such is not applicable  
in our interim financial statements**

**ITEM 1-7**

- C. The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents.

***Not applicable – There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents***

- D. The nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period.

***Not applicable – There were no amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period.***

- F. Dividends paid ( aggregate or per share ) separately for ordinary shares and other shares.

***On May 31, 2010 the Company's Board of Directors (BOD) approved the declaration of cash dividends at P0.05 per share in favor of stockholders of record as of June 30, 2010 and were paid on July 26, 2010 .***

- G. Segment revenue and segment result for business segments or geographical segments.

***Please see attached.***

- H. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

***Not applicable – There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.***

- I. The effect of changes in the composition of the issuer during the interim period, including business combination, acquisition or disposal of subsidiaries and long term investments.

***Not applicable – There are no business combination, acquisition or disposal of subsidiary and long term investments since the last interim balance sheet dates.***

- J. Changes in contingent liabilities or contingent assets.

***Not applicable – There were no changes in contingent liabilities or contingent assets since the last interim balance sheet dates.***

- K. Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim period.

***Not applicable – There were no existing material contingencies and any other events or transactions that would affect the understanding of the current interim period.***

## **ITEM 2**

- A. Any known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.

***Not applicable – There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the company's liquidity.***

- B. Any material commitments for capital expenditure, the general purpose of such commitments and the expected sources of funds for such expenditures.

***Not applicable – There were no material commitments for capital expenditure.***

- C. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales / revenues / income from continuing operations.

***Not applicable – There were no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales / revenues / income from continuing operations.***

- D. Any significant elements of income or loss that did not arise from the issuer's continuing operations.

***Not applicable – There were no significant elements of income or loss that would have surfaced in the company's continuing operations.***

## **Item 2. Management's Discussion and Analysis (MDA) of Financial Condition and Results of Operations [(Part III, Par. (A)(2)(b)]**

3. Discussion and analysis of material event/s and uncertainties known to management that would address the past and would have an impact on future operations of the following:

- b. Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;

***Not applicable. There are no events that will trigger direct or contingent financial obligation that is material to the company.***

- c. All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

***Not applicable. There are no material off-balance sheet transactions, arrangements, obligations and other relationships of the company with unconsolidated entities or other persons created during the reporting period.***

- d. Any seasonal aspects that had a material effect on the financial condition or results of operations.


***Not applicable. There are no seasonal aspects that has a material effect on the financial condition or results of operations.***


**SIGNATURES**


Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**BDO LEASING & FINANCE, INC.**

  
**ROBERTO E. LAPID**

President 

  
**CORAZON S. CHIU**

Assistant Vice President 

**NOVEMBER 2010**

Date